

Municipal Secondary Market Disclosure Information Cover Sheet

This cover sheet should be sent with all submissions made to the Municipal Securities Rulemaking Board, Nationally Recognized Municipal Securities Information Repositories, and any applicable State Information Depository, whether the filing is voluntary or made pursuant to Securities and Exchange Commission rule 15c2-12 or any analogous state statute.

See www.sec.gov/info/municipal/nrmsir.htm for list of current NRMSIRs and SIDs

IF THIS FILING RELATES TO ALL SECURITIES ISSUED BY THE ISSUER OR ALL SECURITIES OF A SPECIFIC CREDIT OR ISSUED UNDER A SINGLE INDENTURE:

Issuer's Name (please include name of state where Issuer is located):

**PUBLIC FACILITIES FINANCING AUTHORITY OF THE CITY OF SAN DIEGO, CALIFORNIA
(STATE: CALIFORNIA)**

SEWER REVENUE BONDS, SERIES 1995

SEWER REVENUE BONDS, SERIES 1997A AND SERIES 1997B

SEWER REVENUE BONDS, SERIES 1999A AND SERIES 1999B

SUBORDINATED WATER REVENUE BONDS, SERIES 2002

**THE CITY OF SAN DIEGO, CALIFORNIA (OBLIGOR, PURSUANT TO CERTIFICATES OF UNDIVIDED
INTEREST IN INSTALLMENT PAYMENTS PAYABLE FROM NET SYSTEM REVENUES OF THE WATER
UTILITY FUND OF THE CITY OF SAN DIEGO, CALIFORNIA) (STATE: CALIFORNIA)**

**CERTIFICATES OF UNDIVIDED INTEREST IN INSTALLMENT PAYMENTS PAYABLE FROM NET
SYSTEM REVENUES OF THE WATER UTILITY FUND OF THE CITY OF SAN DIEGO, CALIFORNIA,
SERIES 1998**

Other Obligated Person's Name (if any): _____
(Exactly as it appears on the Official Statement Cover)

Provide six-digit CUSIP* number(s), if available, of Issuer:

**PUBLIC FACILITIES FINANCING AUTHORITY OF THE CITY OF SAN DIEGO, CALIFORNIA related CUSIPs:
79730A and 79730C**

THE CITY OF SAN DIEGO, CALIFORNIA related CUSIP: 797263

*(Contact CUSIP's Municipal Disclosure Assistance Line at 212.438.6518 for assistance with obtaining the proper CUSIP numbers.)

TYPE OF FILING:

☒ Electronic: 7 pages _____

Paper _____

If information is also available on the Internet, give URL: **NOT AVAILABLE** _____

WHAT TYPE OF INFORMATION ARE YOU PROVIDING? (Check all that apply)

A. Annual Financial Information and Operating Data pursuant to Rule 15c2-12

(Financial information and operating data should not be filed with the MSRB.)

B. Financial Statements or CAFR pursuant to Rule 15c2-12

C. Notice of a Material Event pursuant to Rule 15c2-12 (Check as appropriate)

- | | |
|---|---|
| 1. Principal and interest payment delinquencies | 6. Adverse tax opinions or events affecting the tax-exempt status of the security |
| 2. Non-payment related defaults | 7. Modifications to the rights of security holders |
| 3. Unscheduled draws on debt service reserves reflecting financial difficulties | 8. Bond calls |
| 4. Unscheduled draws on credit enhancements reflecting financial difficulties | 9. Defeasances |
| 5. Substitution of credit or liquidity providers, or their failure to perform | 10. Release, substitution, or sale of property securing repayment of the securities |
| | 11. Rating changes |

D. Notice of Failure to Provide Annual Financial Information as Required _____

**E. ☒ Other Secondary Market Information (Specify): VOLUNTARY REPORT OF INFORMATION –
UPDATE re WATER AND WASTEWATER CAPITAL PROGRAMS _____**

I hereby represent that I am authorized by the issuer or obligor or its agent to distribute this information publicly:

Issuer Contact:

Name P. LAMONT EWELL Title CITY MANAGER
Employer CITY OF SAN DIEGO
Address 202 C STREET, MAIL STATION 9A City SAN DIEGO State CA Zip Code 92101

Dissemination Agent Contact:

Name: P. LAMONT EWELL Title: CITY MANAGER
Employer: CITY OF SAN DIEGO
Address: 202 C STREET, MAIL STATION 9A City: SAN DIEGO State: CA Zip Code: 92101

Investor and Credit Relations Contact:

Name _____ Title _____
Telephone _____ Fax: _____

Press Contact:

Name: GINA LEW Title: DIRECTOR OF PUBLIC AND MEDIA AFFAIRS
Telephone: (619) 236-6851 Fax: (619) 236-6067

VOLUNTARY REPORT OF INFORMATION
DATED DECEMBER 3, 2004

The City of San Diego, California (the "City") is submitting this Voluntary Report of Information (this "Report") to the Municipal Securities Rulemaking Board ("MSRB"), the Nationally Recognized Municipal Securities Information Repositories ("NRMSIRs") via DisclosureUSA, and others as stated on the Distribution List. The City may or may not from time to time voluntarily submit additional information. This submission does not constitute a commitment to provide information beyond the disclosure requirements of any Continuing Disclosure Agreements.

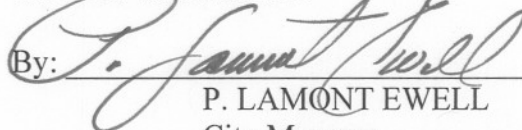
This Report is dated as of December 2, 2004 (the "Dated Date") and speaks only as of the Dated Date. Readers are cautioned not to assume that any information has been updated beyond the Dated Date unless this Report expressly states that it constitutes an update of a specific matter in a document. The City expressly disclaims any duty to provide an update of this Report or a further update of any document, or matter therein, specifically referenced.

The filing of this Report does not constitute or imply any representation (1) that any or all of the information provided is material to investors, (2) regarding any other financial, operating or other information about the City, or the referenced securities, (3) that no changes, circumstances or events have occurred which may have a bearing on the security for the referenced securities or an investor's decision to buy, sell or hold the referenced securities.

Any statements regarding the referenced securities, other than a statement made by the City in an official release or subsequent notice or annual report, published in a financial newspaper of general circulation and/or filed with the MSRB or the NRMSIRs, are not authorized by the City. The City shall not be responsible for the accuracy, completeness or fairness of any such unauthorized statement.

Dated: December 3, 2004

CITY OF SAN DIEGO

By: 
P. LAMONT EWELL
City Manager

**VOLUNTARY REPORT OF INFORMATION
DATED DECEMBER 3, 2004**

Distribution List:

Municipal Securities Rulemaking Board

Via DisclosureUSA:

Bloomberg Municipal Repository

DPC Data Inc.

FT Interactive Data

Standard & Poor's J. J. Kenny Repository

Wells Fargo Bank, N.A. (Trustee)

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MBIA Insurance Corporation (Insurer)

City of San Diego
M E M O R A N D U M

DATE: December 1, 2004
TO: Honorable Mayor and City Councilmembers
FROM: P. Lamont Ewell, City Manager
SUBJECT: Wastewater and Water Capital Improvement Funding Issues

Summary:

We have been monitoring the on-going wastewater and water capital improvement programs. Our analysis now indicates that it would be prudent to curtail both the wastewater and water capital programs until such time as the City can obtain funding. We are diligently working on interim funding options for the wastewater CIP and fully expect to obtain conventional financing for both wastewater and water in calendar year 2005.

I would emphasize that we have, and will continue to have, sufficient resources to complete all the wastewater projects for which contracts have been awarded, including those that are phase-funded. The City has sufficient resources to complete existing water projects and to continue the water treatment plant projects through FY06. In addition, the operations and maintenance programs in both MWWD and the Water Department should not be significantly impacted by the curtailment of the capital programs.

Finally, we have sufficient resources to continue the planning and design of future CIP projects, as currently scheduled, through the end of calendar year 2005.

Issues:

Wastewater

The last wastewater financing occurred in January 1999 (\$315M). An anticipated September 2003 financing and refinancing (\$506M) did not occur due to issues concerning the City's disclosure documents. In June 2004 we obtained interim financing (\$152M) to continue the CIP on-schedule. We have now used all available resources to continue the Capital Improvements Program. Therefore, we must now curtail the CIP until funding becomes available again.

Curtailment means:

- No new awards for capital projects will be made after December 10, 2004.
- There is sufficient funding to complete all projects for which contracts have been awarded, including the future phases of phase-funded contracts.
- There is sufficient funding to support engineering staff in MWWD and Engineering & Capital Projects until January of 2006. Staff will focus on design preparation until the capital program is fully restored through new debt-financing. This will enable us to return to our original program as quickly and smoothly as possible once funding is available. However, if debt-financing is not secured by January 2006, staff reductions or furloughs will be required.
- An allowance of \$5 million will be reserved to fund possible emergency capital projects through CY05.

Because of the reduced capital program necessitated by the lack of funding, the City anticipates not being able to comply with certain of the milestones in the existing U.S. EPA Administrative Order or the proposed Consent Decree.

Water

The last water financing and refinancing occurred in August 2002 (\$287M). A September 2005 financing is anticipated.

The water CIP has three large, phase-funded projects (the treatment plants) that are the most critical elements of the program because: (1) there will be a regional shortage of treated water if the City does not complete the treatment plant expansions on-schedule; and, (2) we risk non-compliance with U.S. EPA new treatment requirements if we do not complete the upgrades to the plants' disinfection processes on-schedule. Therefore, we must curtail all other elements of the water CIP now in order to keep these three projects going.

Curtailment means:

- No new awards for capital projects (other than emergencies) will be made after December 10, 2004.
- There are sufficient funds to continue construction of the water treatment plant expansions and all phase-funded pipeline projects that have already been awarded through FY06. However, the phases beyond FY06 cannot proceed without new funding-- approximately \$25 million will be needed in FY07 for the treatment plant projects.
- Other than continuing the water treatment plant construction through FY06, there will be no other new capital awards. Replacement of cast iron mains will not occur.
- There is sufficient funding to support water engineering staff in the Water Department and Engineering & Capital Projects until January 2006. Staff will focus on design preparation until the capital program is fully restored through new

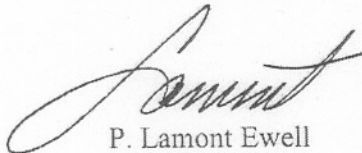
debt-financing. This will enable us to return to our original program as quickly and smoothly as possible once financing is restored. However, if funding is not secured by January, 2006, staff reductions or furloughs will be required.

Because of the severely constrained capital program necessitated by the uncertainty of funding, the City anticipates not being able to comply with certain of the milestones in the existing California Department of Health Services Order. The first project to miss its DHS Order milestone (because there is no funding for its future phases) will occur on December 31, 2004, and we will so inform the DHS.

The lack of capital funding for sewer rehabilitation and water line replacement will eliminate new group jobs until funding is secured. This will impact street resurfacing and pedestrian ramp construction.

Conclusion:

We are preparing a complete analysis of the options available to the City to minimize the impacts of the delays to the water and wastewater capital programs including the interim financing mentioned above. We will docket a report to the City Council in mid-January that presents the results of our analysis.



P. Lamont Ewell
City Manager

RM:kdw